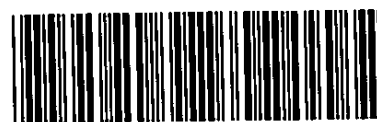


**Registered in England No: 3649261**

**NU LOCAL CARE CENTRES (CHICHESTER No.6) LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

TUESDAY



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## **Directors, Advisors and Other Information**

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### **Directors and Officers**

#### **Current Directors**

P F Ellis  
C J W Laxton  
I B Womack

### **Secretary**

Aviva Company Secretarial Services Limited  
St Helen's  
1 Undershaft  
London EC3P 3DQ

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

### **Registered Office**

No 1 Poultry  
London EC2R 38EJ

### **Company Number**

Registered in England and Wales No 3649261

## Directors' Report

The Directors present their annual report and the audited financial statements of NU Local Care Centres (Chichester No 6) Limited, ('the Company'), for the year ended 31 December 2010

### Directors

The current Directors and those in office during the year are as follows

P F Ellis  
C J W Laxton  
I B Womack

### Principal activity and business review

The Company's principal activity is to provide facilities management services to a mental health unit constructed under a Private Finance Initiative ("PFI") with the Sussex Partnership NHS Foundation Trust ("NHS Trust")

The Directors consider the key risk underlying the PFI agreement to be the recoverability of the amounts due from the NHS Trust. This risk, however, is mitigated, as the repayments are fixed under the terms of the PFI agreement, after including an annual indexation factor

The Directors have reviewed the activities of the business for the period and the position as at 31 December 2010 and consider them to be satisfactory

At the balance sheet date the Company had net liabilities of £212,590 (2009 £239,447). The Company is supported by The Norwich Union Public Private Partnership Fund to carry out long term investments and the Directors are confident that funding will be made available to enable the Company to meet its obligations as they fall due. Accordingly the financial statements have been drawn up on a going concern basis

The Company's Directors monitor the performance of the Company by reference to turnover and profit on ordinary activities before tax ("PBT"). Turnover during the year was £370,738 (£2009 £369,287) and PBT was £86,005 (2009 £68,623)

The Directors expect the level of activity to be maintained in the foreseeable future

### Results and dividends

The profit and loss account for the year is set out on page 7

The Directors do not recommend the payment of a dividend for the year (2009 £nil)

### Financial risk management

The Company's principal financial instrument comprises a loan. The purpose of the financial instrument is to finance the operations of the Company

The principal risks arising from the Company's financial instrument are interest rate risk and liquidity risk. The Directors review these risks and develop policies for managing each type of risk as follows

- Interest rate risk - the loan has been issued at a fixed rate of interest
- Liquidity risk - the Company is supported by The Norwich Union Public Private Partnership Fund
- Credit risk - the Company has a fixed long term PFI agreement

## **Directors' Report (continued)**

### **Directors' liabilities**

The provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report by virtue of the transitional provisions to the Companies Act 2006.

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Creditor payment policy and practice**

It is the Company's policy that payment to suppliers for goods and services to the Company are made approximately 30 days from receipt of valid invoice unless agreed otherwise as part of a contractual agreement.

### **Auditors**

It is the intention of the Directors to reappoint the auditor under deemed appointment rules of section 487 of the Companies Act 2006.

### **Disclosure of Information to Auditors**

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by



Director

Phil Ellis 27/6/2011

## **Auditors' Report (continued...)**

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### **Independent auditors' report to the members of NU Local Care Centres (Chichester No.6) Limited**

We have audited the financial statements of NU Local Care Centres (Chichester No 6) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Auditors' Report (continued...)

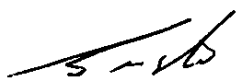
NU Local Care Centres (Chichester No 6) Limited  
Company No 3649261

### Independent auditors' report to the members of NU Local Care Centres (Chichester No 6) Limited (continued)

#### Opinion Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

  
James Stuart (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor  
London, United Kingdom  
22/6/2011

**Profit and Loss account**

For the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	2	370,738	369,287
Cost of sales		(105,438)	(108,250)
Gross profit		265,300	261,037
Administrative expenses	3	(13,635)	(26,862)
Operating profit		251,665	234,175
Interest receivable and similar income	4	82	92
Interest payable and similar charges	5	(165,742)	(165,644)
<b>Profit on ordinary activities before taxation</b>		86,005	68,623
Taxation	6	(59,148)	39,023
<b>Profit for the financial year</b>	14	26,857	107,646

All amounts relate to continuing operations

The Company has no recognised gains or losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 15 form part of these financial statements



**Balance sheet**

As at 31 December 2010

	Note	2010 £	2009 £
<b>Non-current assets</b>			
Debtors amounts falling due after more than one year	7	1,340,676	1,350,027
<b>Current assets</b>			
Debtors amounts falling due within one year	7	192,039	249,647
Other current assets	8	37,019	43,620
Cash at bank and in hand	9	1,373,732	1,209,569
		<u>1,602,790</u>	<u>1,502,838</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(374,645)</u>	<u>(373,101)</u>
<b>Net current assets</b>		<u>1,228,145</u>	<u>1,129,737</u>
<b>Total assets less current liabilities</b>		2,568,821	2,479,764
<b>Creditors: amounts falling due after more than one year</b>	11	(2,722,263)	(2,719,211)
<b>Provision for liabilities</b>			
Deferred tax	12	<u>(59,148)</u>	<u>-</u>
<b>Net liabilities</b>		<u>(212,590)</u>	<u>(239,447)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1	1
Retained earnings		<u>(212,591)</u>	<u>(239,448)</u>
<b>Equity shareholders' deficit</b>	14	<u>(212,590)</u>	<u>(239,447)</u>

The financial statements of NU Local Care Centres (Chichester No 6) Limited, registered number 3649261, were approved and authorised for issue by the Board and were signed on its behalf by

*Phil Ellis*

Director

PHIL ELLIS

27/6/2011

The notes on pages 9 to 15 form part of these financial statements

## Notes to the financial statements

For the year ended 31 December 2010

### 1. Principal accounting policies

#### 1.1. Basis of preparation

The financial statements have been prepared under the historical cost convention. The accounting policies set out below, and in accordance with the Companies Act 2006 and applicable accounting standards.

#### 1.2. Going concern

At the balance sheet date the Company had net liabilities £212,590 (2009 £239,447). The Company is supported by The Norwich Union Public Private Partnership Fund to carry out long term investments and the Directors are confident that funding will be made available to enable the Company to meet its obligations as they fall due. Accordingly the financial statements have been drawn up on a going concern basis.

#### 1.3. Cash flow statement

The Company is a wholly owned subsidiary of the Norwich Union Public Private Partnership Fund and is included in the consolidated financial statements of that entity. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised).

#### 1.4. Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not profits will be available against which they can be realised.

#### 1.5 Receivables from PFI concessions

Finance lease receivables represent outstanding amounts due under finance lease agreements less finance charges allocated to future periods. Unitary payments receivable are allocated between turnover and the reimbursement of the finance lease receivable. This basis of allocation is also integral in generating a constant rate of return on the net cash investment over the contract period.

#### 1.6 Receivables and other financial assets

Receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

#### 1.7 Other payables

Other payables are recognised on an accruals basis.

#### 1.8 Interest payable on loans

Interest payable on loans is charged to the profit and loss account on an accruals basis.

#### 1.9 Finance costs

Finance costs incurred in relation to the raising of loan finance are amortised to the profit and loss account over the period of the loan facility.

**Notes to the financial statements (continued...)**

Company No 3649261

For the year ended 31 December 2010

**2. Turnover**

Turnover, which excludes value added tax, represents amounts derived from the financial model established in accordance with the PFI concession agreement dated 24 June 1999, together with amounts in respect of facilities management services provided. The amounts under this PFI concession agreement include an element of service charge which will be recognised on a straight line basis over the 30 year term of the agreement on an accruals basis.

**3. Administrative expenses**

Auditors' remuneration for audit services was £4,410 (2009 £4,620)

No staff were directly employed by the Company (2009 nil)

The Directors received no emoluments for services to the Company for the financial year (2009 nil)

**4. Interest receivable and similar income**

	2010 £	2009 £
Bank interest	82	92

**5. Interest payable and similar charges**

	2010 £	2009 £
Bank interest and similar charges	3,242	3,144
Interest payable on loans due to group undertakings	162,500	162,500
	165,742	165,644

**6. Tax on profit on ordinary activities**

	2010 £	2009 £
<b>Current tax</b>		
UK corporation tax charge on profit for the year	-	-
UK corporation tax credit in respect of prior periods	-	(16,286)
<b>Deferred tax</b>		
Accelerated capital allowances	2,953	5,250
Tax losses carried forward	(69,707)	(68,863)
Short term timing differences	(275)	32,995
Deferred tax assets not provided	7881	7,881
<b>Total deferred tax (see note 12)</b>	59,148	(22,737)
<b>Tax on profit on ordinary activities</b>	59,148	(39,023)

**Notes to the financial statements (continued...)**

Company No 3649261

For the year ended 31 December 2010

**6 Tax on profit on ordinary activities (continued)**

**Factors affecting current tax charge for the year**

The Norwich Union Public Private Partnership Fund group has changed the basis on which it claims a tax deduction for the MMRF provision from an expenditure paid to an accruals basis. The change has resulted in corporation tax reclaimed and a current year profit and loss tax credit

	2010 £	2009 £
Profit on ordinary activities before tax	86,005	68,623
Current charge at standard UK corporation tax rate of 28% (2009 28%)	24,081	19,214
<b>Effects of</b>		
Capital allowance in excess of finance lease repayments	(4,262)	(5,250)
Brought forward losses utilised	(68,002)	(60,575)
Short term timing differences	3,905	1,110
Group relief surrendered	44,278	45,500
UK corporation tax in respect of prior periods	-	(16,286)
<b>Total current tax (credit)/charge (see above)</b>	-	(16,286)

**7. Debtors**

	2010 £	2009 £
Due after more than one year		
Receivable from PFI concessions (see below)	1,340,676	1,350,027
<b>Due within one year:</b>		
Amounts owed by group undertakings (note 17)	120,001	156,467
Receivables from PFI concession (see below)	72,038	72,626
Corporation tax recoverable	-	20,554
	192,039	249,647

**Receivables from PFI concessions**

The net amount from PFI concession comprises:

	2010 £	2009 £
Total amount receivable	2,682,393	2,788,565
Less interest allocated to future periods	(1,269,679)	(1,365,912)
	1,412,714	1,422,653

**Notes to the financial statements (continued...)**

Company No 3649261

For the year ended 31 December 2010

**7 Debtors (continued...)**

**This comprises of:**

	2010 £	2009 £
<b>Due within one year:</b>		
Due within one year	72,038	72,626
Due between 2 and 5 years	278,355	282,708
Due after more than 5 years	1,062,321	1,067,319
	<u>1,412,714</u>	<u>1,422,653</u>
<b>Total</b>	<u>1,412,714</u>	<u>1,422,653</u>

The receivable from PFI concession due after more than one year includes an amount of £454,510 (2009 £391,822) in respect of timing differences between the amounts invoiced to the NHS Trust and the amounts required to achieve a constant rate of return on the net cash investment

Amounts received during the year under this agreement amounted to £168,859 (2009 £169,837)

The total amount receivable from PFI concession comprises the amount due from the NHS Trust under the terms of the PFI agreement. This balance takes into account the residual value of the property at the end of the primary lease term, which is deemed to be £nil

In the operational phase of the project to provide facilities management services to the mental health care unit, the property is leased under the PFI agreement to the NHS Trust. The Company recognises the amount due from the NHS Trust in debtors after deducting finance charges allocated to future periods. The value of the receivable from PFI concession is based upon the expected repayments receivable from the NHS Trust after taking into account the residual value of the property at the end of the primary lease term.

The interest earned under the PFI agreement is calculated using the actuarial method to give a constant rate of return on the net cash investment. The interest is recognised in the profit and loss account over the primary term of the lease, which is thirty years.

The Directors consider the key risk underlying the PFI agreement to be the recoverability of the amounts due from the NHS Trust. This risk, however, is mitigated, as the repayments are fixed under the terms of the PFI agreement, after including an annual indexation factor.

**8. Other current assets**

	2010 £	2009 £
Prepayments	4,509	7,758
Accrued income	32,510	31,937
	<u>37,019</u>	<u>39,695</u>

**9. Cash at bank and in hand**

Cash and cash equivalents includes £149,657 (2009 £136,708) which relates to amounts paid by Sussex Partnership NHS Foundation Trust into a sinking fund to fund the replacement and repair of certain assets. The fund cannot be accessed by NU Local Care Centres (Chichester No 6) Limited.

**Notes to the financial statements (continued...)**

Company No 3649261

For the year ended 31 December 2010

**10. Creditors amounts falling due within one year**

	2010 £	2009 £
Trade creditors	9,007	15,854
Amounts owed to group undertakings	157,904	166,696
Other taxation and social security	13,043	8,809
Sinking fund	149,657	136,708
Accruals and deferred income	45,034	45,034
	<u>374,645</u>	<u>373,101</u>

Income received into the sinking fund is not recognised until the contractual obligations of the corresponding maintenance contract have been fulfilled. The amounts invoiced are recognised as a liability. Once the Company has fulfilled its contractual obligations under the maintenance contract it recognises the expenditure incurred and a corresponding amount is recognised as turnover in its profit and loss account.

**11. Creditor amounts falling due after more than one year**

	2010 £	2009 £
<b>Loans due to Chichester Health Plc</b>		
Loan	2,500,000	2,500,000
Unamortised issue cost	(55,737)	(58,789)
	<u>2,444,263</u>	<u>2,441,211</u>
<b>Loans due to NU 3PS Limited</b>	<u>278,000</u>	<u>278,000</u>
	<u>2,722,263</u>	<u>2,719,211</u>
 <b>Gross loan</b>	 2,778,000	 2,778,000
<b>Unamortised issue costs</b>	<u>(55,737)</u>	<u>(58,789)</u>
	<u>2,722,263</u>	<u>2,719,211</u>

The loans provided by Chichester Health Plc are unsecured and repayable in full on 31 March 2029. Interest is charged on these loans at an annual rate of 6.5% (2009: 6.5%). Chichester Health Plc is a group undertaking by virtue of it being a quasi subsidiary of NUPPP (Care Technology and Learning Centre) Limited (see note 17).

The loan from NU 3PS Limited represents subordinate debt. In the event of the Company being wound up, no amount will be paid in respect of this subordinate debt until all other creditors have been repaid in full. The loan is unsecured, interest free and repayable in full on 31 March 2029.

**Notes to the financial statements (continued...)**

Company No 3649261

For the year ended 31 December 2010

**12. Deferred taxation**

	2010 £	2009 £
At 1 January	(7,881)	22,737
Credit for the year	67,029	(30,618)
At 31 December	59,148	(7,881)

The provision for deferred taxation is made up of:

	2010 £	2009 £
Accelerated capital allowances	133,642	136,595
Short term timing differences	(51,718)	(51,993)
Tax losses carried forward	(22,776)	(92,483)
	59,148	(7,881)

Deferred tax assets are expected to unwind against the deferred liabilities, and therefore net a deferred tax liability has been recognised on the balance sheet. The prior year potential deferred tax asset of £7,881 was not recognised on the balance sheet resulting in an expense in the profit and loss account of £59,148.

Legislation already enacted at the balance sheet date means that with effect from 1 April 2011 the corporate tax rate was expected to reduce to 27% (from 28%). On the basis that it is anticipated that the company's deferred tax liabilities are expected to unwind after 1 April 2011 the closing recognised deferred tax liability balance has been tax effected at the lower rate of 27%.

In the Budget of 23 March 2011 the Chancellor announced that instead of reducing to 27% from 1 April 2011, the corporation tax rate would in fact reduce to 26%. This further reduction was not substantively enacted at 31 December 2010, hence the 27% rate has been applied in the accounts. The maximum impact of the reduction in corporation tax to 26% from 1 April 2011 is a reduction of £2,191 which could reduce the closing recognised deferred tax liability to £56,958.

Subsequent reductions of 1% each year thereafter until it reaches 23% from 1 April 2014 were also confirmed, and are to be dealt with by future legislation. The maximum impact of the reduction in corporation tax to 23% is a reduction of £8,763 which could reduce the closing recognised deferred tax liability to £50,386.

**13. Share capital**

	2010 £	2009 £
Authorised 100 ordinary shares of £1 each	100	100
Issued, allotted and fully paid 1 ordinary share of £1 each	1	1

**14. Reconciliation of movement in shareholders' deficit**

	Share capital £	Retained earnings £	Total £
At 1 January 2010	1	(239,448)	(239,447)
Retained profit for the financial year	-	26,857	26,857
At 31 December 2010	1	(212,591)	(212,590)

**15. Immediate parent undertaking**

The Directors regard NUPPP (Care Technology and Learning Centres) Limited as the immediate parent undertaking

**16. Ultimate controlling party**

At 31 December 2010 the controlling party is NUPPP (GP) Limited which is a wholly owned subsidiary of the Aviva group of companies. Aviva plc is a company registered in England No 2468686. The registered office is situated at St Helen's, 1 Undershaft, London EC3P 3DQ.

**17. Related party transactions**

The Company, being an indirect wholly owned subsidiary of The Norwich Union Public Private Partnership Fund, has taken advantage of the exemption under the terms of the Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the group headed by The Norwich Union Public Private Partnership Fund.

Copies of the financial statements of Aviva plc are publicly available from Companies House, Crown Way, Maundy, Cardiff CF14 3UZ.

The Directors consider that Chichester Health Plc is a related party of the Company by virtue of it being a quasi subsidiary of NUPPP (Care Technology and Learning Centres) Limited.

At 31 December 2010, the Company owed Chichester Health Plc £2,500,000 (2009 £2,500,000) in respect of a long term loan. During the year, the Company paid £162,500 (2009 £162,500) of interest to Chichester Health Plc in respect of this loan. The principal terms of the loan are set out in note 11.

In connection with the long term loan, the Company has previously advanced £120,000 (2009 £120,000) (see note 7) to Chichester Health Plc. This balance is interest free and is repayable on expiry of the long term loan.

There were no other related party transactions entered into by the Company during the year. There were no contingent liabilities or commitments at the balance sheet date (2009 nil).